

Minutes of the Finance Committee

Wednesday, July 2, 2008

Chair Haukohl called the meeting to order at 8:01 a.m.

Present: Supervisor Pat Haukohl (Chair), Bill Zaborowski, Jean Tortomasi, Rob Hutton, Steve Wimmer, and Jim Heinrich. Pamela Meyer arrived at 8:03 a.m. Haukohl left the meeting at 10:10 a.m. and Meyer left at 10:49 a.m.

Also Present: Legislative Policy Advisor Mark Mader, Budget Manager Keith Swartz, Financial Analyst Bill Duckwitz, County Clerk Kathy Nickolaus, Building Operations Manager Mark Keckeisen, Information Systems Manager Mike Biagioli, Collections & Business Services Manager Sean Sander, Administration Director Norm Cummings, Principal Financial Projects Analyst Cindy Behrens, and Accounting Services Manager Larry Dahl. Recorded by Mary Pedersen, County Board Office.

Approve Minutes of 6-18-08

MOTION: Tortomasi moved, second by Wimmer to approve the minutes of June 18. Motion carried 6-0.

Schedule Next Meeting Dates

July 16

Meyer arrived at 8:03 a.m.

Announcements

Tortomasi advised an all day meeting was held last Wednesday with the advisory group that is working with the consultant to get a new CAD system at the Dispatch Center. The consultant asked for details as to what the County needs in terms of dispatch operations and many of the points came from the dispatchers themselves. Tortomasi said she knew we had problems but didn't realize to what extent. She commented on some of the more serious Spillman system problems they hope to get resolved with a new system.

Fund Transfer 08-042000-01: County Clerk's Office – Transfer Funds from Operating Expenses to Fixed Assets

Nickolaus discussed her fund transfer as outlined which involves transferring \$6,000 to cover costs of replacing computer hardware intended to help program voting equipment. The current hardware is 12 years old and they are experiencing some sticking issues. With the presidential election coming up, she believes having another unit available will be in her best interests in case this one fails. Tortomasi asked when the replacement would be up and running. Nickolaus said 60 to 90 days.

MOTION: Heinrich moved, second by Wimmer to approve Fund Transfer 08-042000-01, County Clerk's Office. Motion carried 7-0.

Contract Procurement Process for HVAC Maintenance and Repairs

Keckeisen said the contract was awarded to Dillitt Mechanical, Grunau Co., and J.F. Ahern Co., the three highest rated proposers, for a contract price not to exceed \$100,000 (approximate) per year for three years. A total of six vendors submitted RFP's for consideration.

MOTION: Hutton moved, second by Tortomasi to approve the contract procurement process for HVAC maintenance and repairs. Motion carried 7-0.

Budget Assumptions

Swartz distributed information from the budget kick-off meeting of June 5. He reviewed the County's budget philosophy which is to balance County spending needs with homeowners' ability to pay, incorporate citizen and stakeholder involvement, establish links to strategic planning, make decisions based on measurable objectives, and protect AAA/AAa bond ratings. Swartz said over the last ten years, the average annual County tax increase (impact to homeowners) was less than 1.25% per year.

One major budget driver is operating/interdepartmental cost-to-continue including inflationary cost increases, jail inmate costs, snow removal and road salt prices, workers compensation, and energy cost increases. Another major budget driver is personnel cost-to-continue including annual salary increases, and benefit costs. Swartz noted that personnel costs are typically the largest part of departmental budgets, about 50%. Declining or ending federal and state grant funding and frozen key state revenues are also major budget drivers. Several federal grants, mostly in the area of human services and law enforcement, have been eliminated and will be phased out over the next few years. Swartz said alternative funding sources will need to be identified to cover some of these cuts. State community aids for human services hasn't increased in 12 years and court support grant funding has remained flat since 2000. Transportation aids will also continue to decrease.

Swartz went on to review departmental levy targets (levy increases/decreases) for the 2009 budget as outlined in the handout.

Also discussed were 2009 opportunities for change which included identifying investment opportunities that have base budget ROI and paybacks, consider service charge fees to keep pace with service cost increases, recommend new and ongoing revenue streams where permissible, embark on internal and external shared service collaborations with public and private sector partners, and consolidate service delivery methods to improve efficiencies.

Mid-Year Status Report on Department of Administration Capital Projects

Cummings, Biagioli, Sander, and the committee discussed the following capital projects as outlined in the staff report: electronic document management system, Internet and Intranet infrastructure, tax records replacement, fiber and wireless to County facilities, telecommunications solution and infrastructure analysis upgrade, upgrade office suite from Windows 2000, Countywide cashiering, Countywide financial operations and management system study, consolidation of network operating systems, replacement of Register of Deeds tract index system, re-engineering IT infrastructure, Collection system interfaces, and IT infrastructure upgrade to wiring costs.

Haukohl left the meeting at 10:10 a.m.

Review End User Cost Allocation Plan.

Dahl and Behrens were present to discuss this issue as outlined in the report entitled "End User Technology Fund Overview" which included information on trends, history, new cost allocation bases, 2009 preliminary EUTF allocations, server point allocations, budget process, and 2009 highlights.

Dahl said a previous internal audit recommendation was to shift cost allocation basis from workstations to servers and User ID's (number of users) to more accurately reflect cost drivers. Basically, what they are trying to accomplish with this plan is to stabilize departmental budgets. It

provides a planning framework by identifying all costs related to maintaining a basic technology infrastructure. For the 2008 budget, they incorporated the audit recommendations and added a connected device charge. Dahl reviewed 2009 preliminary EUTF allocations and said, in total, they anticipate about \$5.4 million in total expenditures – an approximate 1% decline from the prior year. He noted that some technology infrastructure costs can be covered with grant funding. Tortomasi asked which department had the most connected devices. Dahl said he would get her that information. Dahl noted that Information Systems Division staff works with the various departments for determining annual budget figures and the DOA Accounting Division develops rates based on each particular budget and the allocation base.

Meyer left the meeting at 10:49 a.m.

Overview of the Comprehensive Annual Financial Report (CAFR)

Dahl and Behrens were present to give an overview of the CAFR including the financial sections, basic financial statements, special revenue funds, debt service fund, proprietary funds, capital projects, fiduciary funds, long term debt and capital assets, and the statistical section. Dahl said the CAFR is basically the County's equivalent of a corporate annual report. The document must be audited by an outside public accounting firm. The financial data is what the bond agencies will look at, as well as potential County creditors.

Tortomasi referred to equalized value by classification on page 3 and the current housing slump. Dahl said housing in Waukesha County has held up pretty well compared to other parts of the country. Mader referred to page 6 and tax levy limits and said this has been clarified well on page 29 under economic factors and the 2008 budget. One can anticipate that new growth in 2009 will not be very significant. After reviewing the report, Mader did not think any fund balances were being used in a greatly different fashion than in prior years, but asked Dahl for confirmation. Dahl indicated that was accurate then discussed future changes and said next year, for instance, they will be implementing a new internal service fund to better record the cost of health insurance. Dahl anticipates that the 2008 CAFR will be a bit more complicated for them because of the new ADRC concept involving reorganization and budgeting issues. Hutton commented that revenues had almost doubled from 1997 to 2007. He asked what are these revenues and what makes up the bulk of the miscellaneous items? Dahl said these include many, many items but he would break out the major ones. Dahl noted it's likely that most of the miscellaneous revenues are charges for services.

MOTION: Tortomasi moved, second by Wimmer to adjourn at 11:18 a.m. Motion carried 5-0.

Respectfully submitted,

Approved on: _____

Pamela Meyer
Secretary